Carlsberg Brewery Malaysia (CAB MK)

3Q25: In-line; Excise Impact Expected in 4Q25

BUY (Maintained)	
Share Price	RM16.70
Target Price	RM22.10
Upside	+32.3%

Analyst(s)
Jack Lai
+603 2147 1983
jacklai@uobkayhian.com

Highlights

- **9M25 earnings came in line with expectations** as sales volume picked up towards the year-end.
- **Sales volumes in Malaysia grew,** lifted partially by forward buying ahead of the price hike on 1 Sep 25, while Singapore remained pressured by slowing sales.
- **We adjust our 2025/26/27 forecasts by +2%/-3%/-3%,** imputing lower sales volume in 2026 onwards following the anticipated price increase. Maintain BUY with a lower target price of RM22.10 (previously RM23.30).

9MFY25 Results

Year to 31 Dec (RMm)	3Q25 (RMm)	qoq % chg	yoy % chg	9M25 (RMm)	yoy % chg
Revenue	**583.4**	**19.0**	**4.9**	**1,736.4**	**-3.0**
Malaysia	431.4	16.8	4.3	1,295.5	-1.8
Singapore	151.9	25.8	6.7	440.9	-6.3
Operating Profit	**124.8**	**35.3**	**18.2**	**333.7**	**3.0**
Malaysia	97.4	20.8	7.8	283.7	4.4
Singapore	27.4	88.4	79.2	52.4	0.9
Share of Asso.	11.1	21.3	23.1	27.0	8.7
Pre-tax Profit	135.0	29.2	18.5	362.0	4.4
Core Net Profit	**103.6**	**26.0**	**13.9**	**280.6**	**8.6**
Margins	**(%)**	**+/- ppt**	**+/- ppt**	**(%)**	**+/- ppt**
EBIT margin	21.4	2.6	2.4	19.2	1.1
Malaysia	22.6	0.7	0.7	21.9	1.3
Singapore	18.0	6.0	7.3	11.9	0.8
PBT margin	23.1	1.8	2.7	20.8	1.5
Core net profit	-23.2	-2.0	-3.1	-22.5	3.0

Source: Scientex, UOB Kay Hian

Analysis

- **9M25 results within expectations.** Carlsberg Brewery Malaysia (Carlsberg) reported a core net profit of RM103.6m (+26.0% qoq, +13.9% yoy) in 3Q25, bringing 9M25 core net profit to RM280.6m (+8.6% yoy). This broadly met expectations, representing 72% of our and 73% of consensus' full-year forecasts. An interim dividend of 25 sen (3Q24: 23 sen) was announced, bringing the total to 68 sen so far.

Key Financials

Year to 31 Dec (RMm)	2023	2024	2025F	2026F	2027F
Net turnover	2,261	2,376	2,378	2,535	2,611
EBITDA	445	474	493	526	581
Operating profit	388	416	435	467	520
Net profit (rep./act.)	345	337	353	379	421
Net profit (adj.)	333	337	353	379	421
EPS (sen)	108.3	109.6	114.6	123.3	136.9
PE (x)	15.4	15.2	14.6	13.5	12.2
P/B (x)	21.9	18.5	16.6	15.0	13.6
EV/EBITDA (x)	11.3	10.8	10.4	9.7	8.8
Dividend yield (%)	5.6	6.0	6.3	6.7	7.5
Net margin (%)	15.2	14.2	14.8	15.0	16.1
Net debt/(cash) to equity (%)	9.4	(2.7)	0.6	(11.4)	(16.9)
Interest cover (x)	87.6	148.3	741.2	4,686.8	
ROE (%)	126.0	114.2	113.5	116.0	121.9
Consensus net profit	-		366	384	407
UOBKH/Consensus (x)	-		0.96	0.99	1.04

Source: Carlsberg, Bloomberg, UOB Kay Hian

Stock Data

GICS sector	**Consumer Staples**
Bloomberg ticker:	CAB MK
Shares issued (m):	305.7
Market cap (RMm):	5,137.3
Market cap (US$m):	1,154.9
3-mth avg daily t'over (US$m):	0.4

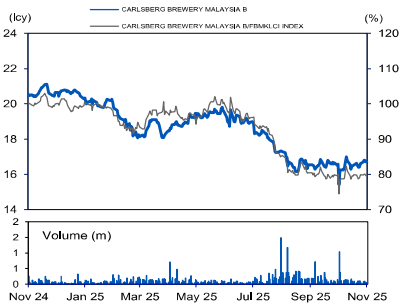
Price Performance (%)

52-week high/low				RM21.10/RM15.42
1mth	**3mth**	**6mth**	**1yr**	**YTD**
(3.0)	(3.0)	(10.3)	(19.3)	(24.8)

Major Shareholders

	%
Carlsberg A/S	51.0
OCBC	3.0
AIA	2.2

Price Chart



Source: Bloomberg

Company Description

Carlsberg manufactures and distributes beer. Its key brands are Carlsberg, Kronenbourg, Somersby and Conor's Stout Porter.

- **Malaysia volumes picking up steam.** Carlsberg's Malaysian operations reported operating profit of RM97.4m (+20.8% qoq, +7.8% yoy) on revenue of RM431.4m (+16.8% qoq, +4.3% yoy) in 3Q25. Earnings improved sequentially as forward buying ahead of the holiday season as well as some front-loading of purchases prior to the price hike on 1 Sep 25 boosted sales volume. Overall, we believe sales volume for the segment will remain robust as consumption picks up leading up to the year-end and Visit Malaysia Year 2026 (VMY26).
- **Singapore segment remains challenging.** Carlsberg's Singapore segment reported revenue of RM151.9m (+25.8% qoq, +6.7% yoy) and operating profit of RM27.4m (+88.4% qoq, +79.2% yoy) during 3Q25. However, we note that the majority of growth stemmed from a one-off, non-cash adjustment to trade offers relating to prior years' operations. Growth from Singapore was otherwise muted as Carlsberg commented that the segment continued to be impacted by weaker sales volume and the strengthening of the ringgit. We believe that the road to recovery for the segment remains long and winding given the challenges the group has faced since losing the Asahi distributorship.
- **Excise hike clouds short-term outlook.** The recently announced 10% excise increase on beer may put a damper on Carlsberg's outlook. Based on our estimates, the cost increase could largely be passed through via a 4-5% price increase. However, given Carlsberg has recently raised prices back in Sep 25, we believe that the group may absorb the costs during 4Q25 to avoid consecutive price increases impacting consumption. We expect Carlsberg may only hike prices in early-26 when it becomes more palatable to consumers.
- **VMY26 remains a bright spot.** Looking forward to 2026, the anticipated boost to the tourism sector from the VMY26 campaign represents a potential catalyst for the group. We believe brewers will benefit from the higher tourist arrivals, especially in the on-trade segment as foot traffic in F&B hubs improves. Historically, tourist spending on F&B has tracked or even outpaced tourist arrival growth in previous VMYs.

Valuation/Recommendation

- **Maintain BUY with a lower DCF-based target price of RM22.10 (from RM23.30).** We use a WACC estimate of 7.8% and terminal growth rate of 3.0% to arrive at our fair value estimates. Our DCF-derived target price implies 19.3x 2025F PE, around -0.5SD to its five-year mean. The stock offers a solid dividend yield of 6.0-6.7% for 2025-27, based on a 100% payout.

Earnings Revision/Risk

- We adjust our 2025/26/27 earnings forecasts by +2%/-3%/-3% respectively, imputing slightly higher earnings from Singapore in 2025 and lower sales volumes from 2026 onwards following the expected price increase.

Environmental, Social, Governance (ESG) Updates

Environmental

- **Water management.** 50% reduction in water usage at its breweries by 2030.
- **Emissions.** Zero carbon emissions and 100% electricity from renewable sources at its breweries by 2030. Zero coal at its breweries.

Social

- **Product services responsibility.** 100% availability of alcohol-free brews. 100% responsible drinking messaging through packaging and brand activations.

Governance

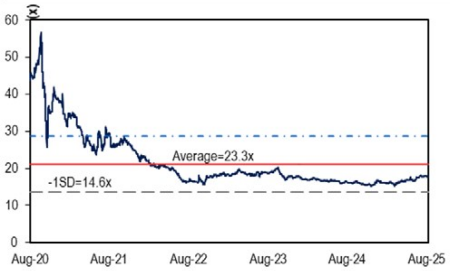
- **Board gender diversity.** Board gender composition of 71:29 male-to-female ratio.
- **Management gender diversity.** Carlsberg has a 67% female representation in its management team.

Key Assumptions

	2025F	2026F	2027F
Sales (RMm)	**2378**	**2535**	**2611**
Malaysia	**1767**	**1924**	**1994**
- yoy Growth (%)	0.8	8.9	3.6
- Volume Growth (%)	-3.0	2.0	1.0
ASP Growth (%)	3.9	6.8	2.6
Singapore	**612**	**612**	**618**
- yoy Growth (%)	-5.0	0.0	1.0

Source: UOB Kay Hian

12-Month Forward PE Band



Source: Carlsberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Net turnover	**2,376**	**2,378**	**2,535**	**2,611**
EBITDA	474	493	526	581
Deprec. & amort.	58	59	60	61
EBIT	416	435	467	520
Associate contributions	36	37	39	41
Net interest income/(expense)	(3)	(1)	(0)	0
Pre-tax profit	**448**	**472**	**506**	**562**
Tax	(108)	(113)	(121)	(135)
Minorities	(4)	(6)	(5)	(6)
Net profit	**337**	**353**	**379**	**421**
Net profit (adj.)	337	353	379	421

Balance Sheet

Year to 31 Dec (RMm)	2024	2025F	2026F	2027F
Fixed assets	374	318	324	332
Other LT assets	160	220	220	220
Cash/ST investment	85	65	96	111
Other current assets	515	509	543	556
Total assets	**1,133**	**1,112**	**1,183**	**1,219**
ST debt	77	67	57	47
Other current liabilities	744	696	738	742
Other LT liabilities	30	30	30	30
Shareholders' equity	278	309	342	379
Minority interest	5	11	16	22
Total liabilities & equity	**1,133**	**1,112**	**1,183**	**1,219**

Cash Flow

Year to 31 Dec (RMm)	2,025	2026F	2027F	2028F
Operating	**305**	**375**	**453**	**479**
Pre-tax profit	448	472	506	562
Tax	(108)	(113)	(121)	(135)
Deprec. & amort.	58	59	60	61
Working capital changes	70	(42)	9	(9)
Non-cash items	0	0	0	0
Other operating cashflows	(163)	0	0	0
Investing	**(93)**	**(63)**	**(66)**	**(69)**
Capex (maintenance)	(105)	(63)	(66)	(69)
Proceeds from sale of assets	0	0	0	0
Others	12	0	0	0
Financing	**(280)**	**(332)**	**(356)**	**(394)**
Dividend payments	(238)	(322)	(346)	(384)
Proceeds from borrowings	(42)	(10)	(10)	(10)
Loan repayment	n.a.	n.a.	n.a.	n.a.
Others/interest paid	0	0	0	0
Net cash inflow (outflow)	**(68)**	**(19)**	**31**	**15**
Beginning cash & cash equivalent	**95**	**85**	**65**	**96**
Changes due to forex impact	(1)	0	0	0
Ending cash & cash equivalent	**27**	**65**	**96**	**111**

Key Metrics

Year to 31 Dec (%)	2024	2025F	2026F	2027F
Profitability				
EBITDA margin	19.9	20.7	20.8	22.3
Pre-tax margin	18.9	19.8	20.0	21.5
Net margin	14.2	14.8	15.0	16.1
ROA	37.6	39.8	41.1	44.8
ROE	114.2	113.5	116.0	121.9
Growth				
Turnover	5.1	0.1	6.6	3.0
EBITDA	6.5	4.1	6.7	10.4
Pre-tax profit	6.7	5.2	7.3	11.1
Net profit	(2.2)	4.6	7.6	11.1
Net profit (adj.)	(2.2)	4.6	7.6	11.1
EPS	(2.2)	4.6	7.6	11.1
Leverage				
Debt to total capital	27.2	20.9	15.9	11.7
Debt to equity	27.7	21.7	16.6	12.4
Net debt/(cash) to equity	(2.7)	0.6	(11.4)	(16.9)
Interest cover (x)	148.3	741.2	n.a.	n.a.

Disclosures/Disclaimers

This report is prepared by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser in Singapore.

This report is provided for information only and is not an offer or a solicitation to deal in securities or to enter into any legal relations, nor an advice or a recommendation with respect to such securities.

This report is prepared for general circulation. It does not have regard to the specific investment objectives, financial situation and the particular needs of any recipient hereof. Advice should be sought from a financial adviser regarding the suitability of the investment product, taking into account the specific investment objectives, financial situation or particular needs of any person in receipt of the recommendation, before the person makes a commitment to purchase the investment product.

This report is confidential. This report may not be published, circulated, reproduced or distributed in whole or in part by any recipient of this report to any other person without the prior written consent of UOBKH. This report is not directed to or intended for distribution to or use by any person or any entity who is a citizen or resident of or located in any locality, state, country or any other jurisdiction as UOBKH may determine in its absolute discretion, where the distribution, publication, availability or use of this report would be contrary to applicable law or would subject UOBKH and its connected persons (as defined in the Financial Advisers Act 2001 of Singapore) to any registration, licensing or other requirements within such jurisdiction.

The information or views in the report ("Information") has been obtained or derived from sources believed by UOBKH to be reliable. However, UOBKH makes no representation as to the accuracy or completeness of such sources or the Information and UOBKH accepts no liability whatsoever for any loss or damage arising from the use of or reliance on the Information. UOBKH and its connected persons may have issued other reports expressing views different from the Information and all views expressed in all reports of UOBKH and its connected persons are subject to change without notice. UOBKH reserves the right to act upon or use the Information at any time, including before its publication herein.

Except as otherwise indicated below, (1) UOBKH, its connected persons and its officers, employees and representatives may, to the extent permitted by law, transact with, perform or provide broking, underwriting, corporate finance-related or other services for or solicit business from, the subject corporation(s) referred to in this report; (2) UOBKH, its connected persons and its officers, employees and representatives may also, to the extent permitted by law, transact with, perform or provide broking or other services for or solicit business from, other persons in respect of dealings in the securities referred to in this report or other investments related thereto; (3) the officers, employees and representatives of UOBKH may also serve on the board of directors or in trustee positions with the subject corporation(s) referred to in this report. (All of the foregoing is hereafter referred to as the "Subject Business"); and (4) UOBKH may otherwise have an interest (including a proprietary interest) in the subject corporation(s) referred to in this report.

As of the date of this report, no analyst responsible for any of the content in this report has any proprietary position or material interest in the securities of the corporation(s) which are referred to in the content they respectively author or are otherwise responsible for.

IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by UOBKH, a company authorized, as noted above, to engage in securities activities in Singapore. UOBKH is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution by UOBKH (whether directly or through its US registered broker dealer affiliate named below) to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). All US persons that receive this document by way of distribution from or which they regard as being from UOBKH by their acceptance thereof represent and agree that they are a major institutional investor and understand the risks involved in executing transactions in securities.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through UOB Kay Hian (U.S.) Inc ("UOBKHUS"), a registered broker-dealer in the United States. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through UOBKH.

UOBKHUS accepts responsibility for the contents of this research report, subject to the terms set out below, to the extent that it is delivered to and intended to be received by a U.S. person other than a major U.S. institutional investor.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA") and may not be an associated person of UOBKHUS and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

Analyst Certification/Regulation AC

Each research analyst of UOBKH who produced this report hereby certifies that (1) the views expressed in this report accurately reflect his/her personal views about all of the subject corporation(s) and securities in this report; (2) the report was produced independently by him/her; (3) he/she does not carry out, whether for himself/herself or on behalf of UOBKH or any other person, any of the Subject Business involving any of the subject corporation(s) or securities referred to in this report; and (4) he/she has not received and will not receive any compensation that is directly or indirectly related or linked to the recommendations or views expressed in this report or to any sales, trading, dealing or corporate finance advisory services or transaction in respect of the securities in this report. However, the compensation received by each such research analyst is based upon various factors, including UOBKH's total revenues, a portion of which are generated from UOBKH's business of dealing in securities.

Reports are distributed in the respective countries or jurisdictions by the respective entities and are subject to the additional restrictions listed in the following table.

General	This report is not intended for distribution, publication to or use by any person or entity who is a citizen or resident of or located in any country or jurisdiction where the distribution, publication or use of this report would be contrary to applicable law or regulation.
Hong Kong	This report is distributed in Hong Kong by UOB Kay Hian (Hong Kong) Limited ("UOBKHHK"), which is regulated by the Securities and Futures Commission of Hong Kong. Neither the analyst(s) preparing this report nor his associate, has trading and financial interest and relevant relationship specified under Para. 16.4 of Code of Conduct in the listed corporation covered in this report. UOBKHHK does not have financial interests and business relationship specified under Para. 16.5 of Code of Conduct with the listed corporation covered in this report. Where the report is distributed in Hong Kong and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKHHK (and not the relevant foreign research house) in Hong Kong in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Hong Kong who is not a professional investor, or institutional investor, UOBKHHK accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Indonesia	This report is distributed in Indonesia by PT UOB Kay Hian Sekuritas ("PT UOBKH"), which is regulated by Financial Services Authority of Indonesia ("OJK"). Where the report is distributed in Indonesia and contains research analyses or reports from a foreign research house, please note recipients of the analyses or reports are to contact PT UOBKH (and not the relevant foreign research house) in Indonesia in respect of any matters arising from, or in connection with, the analysis or report.
Malaysia	Where the report is distributed in Malaysia and contains research analyses or reports from a foreign research house, the recipients of the analyses or reports are to contact UOB Kay Hian (M) Sdn. Bhd. ("UOBKHM") (and not the relevant foreign research house) in Malaysia, at +603-21471988, in respect of any matters arising from, or in connection with, the analysis or report as UOBKHM is the registered person under CMSA to distribute any research analyses in Malaysia.
Singapore	This report is distributed in Singapore by UOB Kay Hian Private Limited ("UOBKH"), which is a holder of a capital markets services licence and an exempt financial adviser regulated by the Monetary Authority of Singapore.Where the report is distributed in Singapore and contains research analyses or reports from a foreign research house, please note: (i) recipients of the analyses or reports are to contact UOBKH (and not the relevant foreign research house) in Singapore in respect of any matters arising from, or in connection with, the analysis or report; and (ii) to the extent that the analyses or reports are delivered to and intended to be received by any person in Singapore who is not an accredited investor, expert investor or institutional investor, UOBKH accepts legal responsibility for the contents of the analyses or reports only to the extent required by law.
Thailand	This report is distributed in Thailand by UOB Kay Hian Securities (Thailand) Public Company Limited, which is regulated by the Securities and Exchange Commission of Thailand.
United Kingdom	This report is being distributed in the UK by UOB Kay Hian (U.K.) Limited, which is an authorised person in the meaning of the Financial Services and Markets Act and is regulated by The Financial Conduct Authority. Research distributed in the UK is intended only for institutional clients.
United States of America ('U.S.')	This report cannot be distributed into the U.S. or to any U.S. person or entity except in compliance with applicable U.S. laws and regulations. It is being distributed in the U.S. by UOB Kay Hian (US) Inc, which accepts responsibility for its contents. Any U.S. person or entity receiving this report and wishing to effect transactions in any securities referred to in the report should contact UOB Kay Hian (US) Inc. directly.

Copyright 2025, UOB Kay Hian Pte Ltd. All rights reserved.

http://research.uobkayhian.com

RCB Regn. No. 197000447W